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Social Security: The Democrats Need a Plan

By E. J. Dionne Jr.

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The debate among congressional Democrats is not about whether they should work with President Bush in his effort to privatize Social Security. It's about how to broaden the national political discussion beyond Bush's own agenda. It's also about how to stop a privatization scheme that even moderate Democrats view with skepticism.

Bush's problem is twofold. Many fiscally conservative Democrats reject the idea that borrowing an additional \$1 trillion to \$2 trillion to cover the transition cost of private accounts would somehow improve the nation's long-term budget outlook. And many disagree flatly with Bush's definition of the problem: There is no Social Security crisis, these Democrats say. There is a retirement crisis. And, yes, there is a health care crisis. As they see it, Bush is proposing a solution that won't work on an issue that should not be dominating the debate in the first place.

Since Bush has yet to make a specific proposal, even moderate Democrats most eager to offer alternatives are refusing to rush forward until the president is clear about what trade-offs he would make. "Bush has made Social Security reform a centerpiece of his second term, so he's obligated to propose a real plan and not just vague principles that mask the tough decisions," said Will Marshall, president of the Progressive Policy Institute, the think tank of the centrist Democratic Leadership Council.

But Marshall and many Democrats, liberal as well as moderate, argue that the party cannot simply be reactive to Bush. The goal, says Rep. Rahm Emanuel, an Illinois Democrat, should be to offer alternative policies that deal with larger problems than the ones Bush has chosen to identify.

"We should be for a savings revolution in this country," Emanuel said. "The president's plan isn't big enough. He just wants to rearrange the deck chairs. . . . The public's view is of their insecurity about retirement. It's not about their Social Security. They're worried about what they can't see, not what they can see."

Emanuel and his former Clinton administration colleague Gene Sperling have worked on a series of proposals to create new private retirement accounts for workers without pensions. They would not be carved out of Social Security but financed separately. One way of covering the costs of these accounts: blocking the total repeal of the inheritance tax, as envisioned by Bush, and using the proceeds from levies on large fortunes to help workers who have little savings begin building their own nest eggs.

Such proposals have potential appeal across philosophical lines. Centrist Democrats are keen to increase the personal savings rate, particularly of lower-income workers. Liberal Democrats are angry at the skew of Bush's tax policies toward the very wealthy, represented most dramatically by the obliteration of estate taxation. It is no accident that Emanuel and Sperling both worked for Bill Clinton, a president skilled at blending social justice concerns with a market orientation.

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The Bush administration insists that it enters the Social Security battle with an electoral "mandate." But putting aside the relative narrowness of Bush's victory, Democrats insist that he has no mandate for cuts in Social Security benefits because he hid that bad news behind gauzy promises of "an ownership society." And Bush squandered much of the support he might have won among moderate Democrats by engaging in what many of them saw as unrelenting partisanship, beginning with the 2002 election campaign.

"You can't get 20 or 30 Democrats if your strategy is always to polarize," says Emanuel. "What bridge is going to bring these people over?"

Democratic resistance to Bush is rooted not just in the politics of the past but in a series of questions many Republicans are also asking. The serious probing on both sides recalls the bipartisan doubts raised a decade ago about Clinton's proposal for universal health care. Why should the country add huge amounts of new debt without reconsidering Bush's tax cuts? Why declare a Social Security "crisis" when one does not exist -- and without dealing with a health care crisis that really does? What confidence can middle- and low-income workers have that they will be better off with Bush's private accounts than with clear pension guarantees? Is there any point, beyond ideological predilections, to changing Social Security from an insurance program that has worked well to an untested investment program?

Until Bush can explain how his plan will work, few Democrats see any reason to help pass what they see as the wrong solution to the wrong problem at the wrong time.

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